

DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS

FINANCIAL SUMMARY

	FY 2004 EXPENDITURE	FY 2005 APPROPRIATION	FY 2006 REQUEST	GOVERNOR RECOMMENDS FY 2006
Department Administration	\$ 11,234,625	\$ 18,324,012	\$ 16,066,111	\$ 15,418,986
Information Technology	0	0	0	1,838,791
Industrial Commission	817,302	910,797	910,797	916,492
Division of Labor Standards	2,141,708	2,915,757	2,915,757	2,866,638
Division of Workers' Compensation	78,094,917	76,318,714	86,260,610	86,288,786
Division of Employment Security	32,542,184	57,655,014	57,617,816	56,876,901
Governor's Council on Disability	2,304,188	0	0	0
State Board of Mediation	128,127	122,434	126,434	123,850
Commission on Human Rights	1,790,732	1,949,529	1,969,183	1,979,729
DEPARTMENTAL TOTAL	\$ 129,053,783	\$ 158,196,257	\$ 165,866,708	\$ 166,310,173
General Revenue Fund	2,958,825	2,661,426	2,976,790	2,999,906
Federal Funds	42,273,080	62,564,793	60,408,140	60,731,167
Deaf Relay Service and Equipment				
Distribution Program Fund	1,344,292	0	0	0
Tort Victims' Compensation Fund	4,876,788	157,756	157,756	158,184
Workers' Compensation Fund	11,150,926	12,873,623	12,122,909	12,216,929
Second Injury Fund	57,457,281	57,900,000	66,900,000	66,900,000
Crime Victims' Compensation Fund	6,561,458	6,478,576	7,472,830	7,476,133
Child Labor Enforcement Fund	28,660	200,000	200,000	200,000
Special Employment Security Bond				
Proceeds Fund	0	0	1	1
Special Employment Security Fund	2,402,473	15,360,083	15,628,282	15,627,853
Full-time equivalent employees	1,040.18	1,184.41	1,184.41	1,184.41

POLICY SUMMARY

Governor Blunt's Fiscal Year 2006 budget provides \$166.3 million for the Department of Labor and Industrial Relations. The department provides services for Missouri employees and employers that help provide safe and healthy workplaces and ensure economic security. The core functions provided by the Department of Labor and Industrial Relations include:

- Processing and awarding payment of compensation to those who are unemployed, injured at work, or victims of crime.
- Assuring safe and healthy workplaces for Missouri employees through on-site inspections that identify hazards to be corrected in the workplace.
- Enforcing anti-discrimination laws and promoting equal access to jobs for all Missourians.

Some of the performance measures the Department of Labor and Industrial Relations uses to monitor its success follow:

	2002	2003	2004
Number of job-related accidents, illnesses, and fatalities	155,333	141,844	131,691
Amount of unemployment benefits returned to the economy (millions)	\$644.3	\$726.0	\$674.0
Amount of fines avoided by Missouri businesses (millions)	\$3.6	\$3.9	\$3.1

DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS

POLICY SUMMARY (Continued)

Ensuring Economic Security

In order to ensure economic security for all Missourians, the department maintains a comprehensive and complex system that provides Missourians with financial benefits when they become unemployed through no fault of their own, are injured on the job, or become a victim of crime. To ensure continued economic security for Missourians, the Governor recommends:

- \$9 million Second Injury Fund to ensure all eligible claimants are compensated in cases where a prior injury is made worse by a current work-related injury or the employer does not have workers' compensation coverage. This brings the total appropriation of Second Injury Fund to \$66.9 million.
- \$1 million Crime Victims' Compensation Fund to compensate crime victims for costs incurred as a direct result of a violent crime.
- \$1 Special Employment Security Fund on an open-ended basis to cover expenses if the Board of Unemployment Fund Financing, created by HB 1268 & 1211 (2004), issues bonds to repay debts to the federal government for funds advanced to Missouri's Unemployment Insurance Trust Fund. The Board has the authority to issue up to \$450 million. Employers will be assessed the amounts necessary to pay principal, interest, and administrative expenses for the bonds.

DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS

DEPARTMENT ADMINISTRATION

The Director's Office provides leadership and supervision in the areas of policy, operation, and interagency coordination/cooperation. Functions centralized within the Director's Office include: administrative services, facilities and maintenance, financial management, human resources, legislative and public relations, research and analysis, telecommunications, legal, and information services.

Fiscal Year 2006 Governor's Recommendations

- \$290,126 for realignment of the federal cost allocation plan.
- \$44,439 for pay plan, including \$2,760 general revenue.
- \$400,000 federal funds reallocated to realign the core budget.
- \$5,904 federal and other funds reallocated from various divisions for payment of overtime to nonexempt employees as required by HB 1548 (2004).
- (\$2,953,931) federal and other funds core reduction from the Fiscal Year 2005 appropriation level.
- (\$691,564) federal funds and (eight) staff reallocated for information technology resources that will be administered by the Office of Administration.

INFORMATION TECHNOLOGY

Governor Blunt has ordered that management of state information technology resources be consolidated under the Office of Administration. This should result in enhanced service at a lower cost. For Fiscal Year 2006, information technology resources will be reallocated to a new section within the department's budget that will be under the control of the Office of Administration.

Fiscal Year 2006 Governor's Recommendations

- \$3,380 federal funds for pay plan.
- \$1,835,411 and eight staff reallocated from various divisions, including \$12,148 general revenue.

DIVISION OF LABOR AND INDUSTRIAL RELATIONS COMMISSION

The three-member Labor and Industrial Relations Commission reviews all appeals from all decisions and awards in workers' compensation, unemployment compensation, prevailing wage cases, victims of crime compensation cases, and tort victims' compensation cases at the highest administrative level. The commission conducts hearings and renders written opinions. The commission's opinions are subject to review by the judiciary. The commission is also charged with the statutory authority to approve or disapprove all rules or regulations promulgated by the divisions within the department.

Fiscal Year 2006 Governor's Recommendations

- \$7,761 for pay plan, including \$75 general revenue.
- (\$2,066) federal and other funds reallocated for information technology resources that will be administered by the Office of Administration.

DIVISION OF LABOR STANDARDS

State statutes require the Division of Labor Standards to assure the safety and health of Missouri workers. To reduce deaths and disabling injuries, staff conducts regular and special on-site inspections of businesses, industries, and commercial mines and caves. To ensure compliance with statutory provisions governing wage rates for public works projects, the division periodically surveys prevailing wage rates for laborers, mechanics, and other workers employed in the construction industry. The division conducts on-site inspections to assure compliance with Missouri's Child Labor Law. Also, the division provides safety and health training classes for mine operators and miners. All miners, whether surface or underground, are required by federal law to complete a minimum number of hours in training before beginning work and annually thereafter. The division provides on-site safety and health consultations to businesses and industrial facilities by qualified professional consultants to identify serious hazards and recommend means for eliminating them. Private employers are not charged for this service. The division performs these consultations upon employer requests.

Fiscal Year 2006 Governor's Recommendations

- \$20,929 for pay plan, including \$10,315 general revenue.
- (\$70,048) reallocated for information technology resources that will be administered by the Office of Administration, including (\$8,048) general revenue.

DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS

GOVERNOR'S COUNCIL ON DISABILITY

The Governor's Council on Disability promotes full participation of the nearly one million Missourians with disabilities in all aspects of community life by educating employers, employees, local and state governments, persons with disabilities, and other interested parties of their rights and responsibilities under the Americans with Disabilities Act, Missouri Human Rights Act, and other disability rights laws.

The Missouri Assistive Technology Council supports access to adaptive devices that increase the independence and productivity of Missourians with all types of disabilities. The council provides adaptive telecommunications devices and computer adaptations, short-term loan of a full range of assistive technology, used equipment exchange, and low interest loans for the purchase of assistive technology and home modifications.

Fiscal Year 2006 Governor's Recommendations

The Council was transferred to the Office of Administration in Fiscal Year 2005.

STATE BOARD OF MEDIATION

The State Board of Mediation is a quasi-judicial board created by an act of the General Assembly in 1947 to mediate public utility disputes. Since 1967, the board has been charged with the responsibility of determining appropriate bargaining units of public employees, based upon their community of interest. It also conducts secret ballot elections to determine exclusive bargaining agent status. The board retains the authority to mediate disputes in the area of public utilities regarding wages and working conditions.

Fiscal Year 2006 Governor's Recommendations

- \$4,000 for training at the National Judicial College.
- \$1,035 for pay plan.
- (\$3,619) reallocated for information technology resources that will be administered by the Office of Administration.

MISSOURI COMMISSION ON HUMAN RIGHTS

The statutory mandate of the Missouri Commission on Human Rights (MCHR) is to prevent and eliminate discrimination as prohibited by the Missouri Human Rights Act. The act requires the MCHR to receive, investigate, and resolve complaints of alleged discrimination in the areas of housing, employment, and public accommodations due to race, color, religion, national origin, ancestry, sex, disability, or age (in employment only) and familial status (in housing only). Through its education and outreach program the MCHR reduces intergroup conflict and discourages illegal discrimination.

Fiscal Year 2006 Governor's Recommendations

- \$17,027 for pay plan, including \$8,931 general revenue.
- \$21,238 transferred from the statewide leasing budget.
- (\$6,481) reallocated for information technology resources that will be administered by the Office of Administration, including (\$481) general revenue.
- (\$1,584) federal funds reallocated to department administration for payment of overtime to nonexempt employees as required by HB 1548 (2004).

**DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS
DIVISION OF WORKERS' COMPENSATION**

FINANCIAL SUMMARY

	FY 2004 EXPENDITURE	FY 2005 APPROPRIATION	GOVERNOR RECOMMENDS FY 2006
Administration	\$ 8,470,247	\$ 9,693,447	\$ 9,682,029
Second Injury Benefits	57,457,281	57,900,000	66,900,000
Crime Victims' Administration	269,475	425,267	406,757
Crime Victims' Compensation Benefits	7,032,913	8,200,000	9,200,000
Tort Victims' Compensation Payments	4,865,001	100,000	100,000
DIVISIONAL TOTAL	\$ 78,094,917	\$ 76,318,714	\$ 86,288,786
PERSONAL SERVICE			
Tort Victims' Compensation Fund	11,084	42,756	43,184
Workers' Compensation Fund	7,505,299	8,100,404	8,224,028
Crime Victims' Compensation Fund	205,027	295,609	298,262
EXPENSE AND EQUIPMENT			
Federal Funds	0	50,000	50,000
Tort Victims' Compensation Fund	703	15,000	15,000
Workers' Compensation Fund	903,161	1,432,649	1,297,263
Second Injury Fund	475,056	0	5,000
Crime Victims' Compensation Fund	64,448	101,558	80,311
PROGRAM SPECIFIC DISTRIBUTION			
Federal Funds	756,467	2,212,671	2,212,671
Tort Victims' Compensation Fund	4,865,001	100,000	100,000
Second Injury Fund	56,982,225	57,900,000	66,895,000
Crime Victims' Compensation Fund	6,276,446	5,987,329	6,987,329
FUND TRANSFERS			
Federal Funds	0	5,526	5,526
Workers' Compensation Fund	50,000	50,000	50,000
Unemployment Compensation Fund	0	25,022	25,022
Crime Victims' Compensation Fund	0	190	190
TOTAL	\$ 78,094,917	\$ 76,318,714	\$ 86,288,786
Federal Funds	756,467	2,268,197	2,268,197
Tort Victims' Compensation Fund	4,876,788	157,756	158,184
Workers' Compensation Fund	8,458,460	9,583,053	9,571,291
Unemployment Compensation Fund	0	25,022	25,022
Second Injury Fund	57,457,281	57,900,000	66,900,000
Crime Victims' Compensation Fund	6,545,921	6,384,686	7,366,092
Full-time equivalent employees	170.56	184.75	184.75

DIVISION OF WORKERS' COMPENSATION - ADMINISTRATION

The Division of Workers' Compensation processes all reports of job-related injuries and formal claims for compensation filed with the division under the "Missouri Workers' Compensation Law." The division also resolves disputed issues between an employee and employer/insurer through mediation and/or evidentiary hearings conducted by its administrative law judges and/or legal advisors. The division administers the rehabilitation of seriously injured workers, resolves disputes concerning the reasonableness of medical fees and charges, helps employers and insurers develop safety programs, reviews and approves applications by employers or group trusts for self-insurance authority, and investigates allegations of workers' compensation fraud and noncompliance.

Fiscal Year 2006 Governor's Recommendations

- \$82,072 other funds for pay plan.
- (\$57,600) other funds core reduction from the Fiscal Year 2005 level.
- (\$35,386) other funds reallocated for information technology resources that will be administered by the Office of Administration.
- (\$504) other funds reallocated to department administration for payment of overtime to nonexempt employees as required by HB 1548 (2004).

DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS

DIVISION OF WORKERS' COMPENSATION (Continued)

SECOND INJURY FUND

The Second Injury Fund is designed to compensate an injured employee when a current work-related injury combines with any prior injury that creates an increased combined disability. The basic concept is "the whole is greater than the sum of its part." For example, if an injured employee has a 15 percent disability from the current work-related injury and a 15 percent disability from the prior injury, and the combined disability is 40 percent, the fund pays for the increased disability. The fund is also responsible for payment of medical bills for injured employees when the employer fails to insure its workers' compensation liability. In addition, if the employee is killed, burial expenses and death benefits in the form of weekly payments to the surviving spouse or dependents of the employee are paid from the fund. The fund also provides benefits to injured employees undergoing physical rehabilitation. For injuries taking place after August 28, 1998, the fund also provides second job lost wage benefits.

Fiscal Year 2006 Governor's Recommendations

- \$9,000,000 other funds for increased payments.

CRIME VICTIMS' ADMINISTRATION

The Crime Victims' Administration Unit was established to investigate all claims by victims of crime, which are filed with the division in order to determine eligibility under the statute and the amount of losses incurred. The unit fulfills these responsibilities by processing and investigating claims and awarding or denying compensation.

Fiscal Year 2006 Governor's Recommendations

- \$2,737 other funds for pay plan.
- (\$21,247) other funds reallocated for information technology resources that will be administered by the Office of Administration.

CRIME VICTIMS' COMPENSATION

The Crime Victims' Compensation Program processes and awards benefits to eligible victims of violent crimes. Crime victims' compensation benefits are available to individuals who, through no fault of their own, find themselves victimized by violent crimes. Since benefits are only paid to recover expenditures made or wages lost as a result of their victimization, benefit recipients do not profit from the criminal violation. State funding to pay benefits is derived from a combination of court fees assessed in criminal cases and fines levied against individuals convicted of criminal activity. Federal grant dollars are also awarded based on the state's prior year expenditure for benefits.

Fiscal Year 2006 Governor's Recommendations

- \$1,000,000 Crime Victims' Compensation Fund for increased payments.

TORT VICTIMS' COMPENSATION

The Tort Victims' Compensation Fund provides benefits to individuals who have received a final monetary judgment in a civil case but who have been unable to collect all, or part of, the judgment entered against the defendant. Funding is provided from the Tort Victims' Compensation Fund. The fund's exclusive revenue source is 50 percent of all punitive damage awards entered in civil cases in Missouri. Of this amount, 74 percent is used to pay victims of torts.

Fiscal Year 2006 Governor's Recommendations

Continue funding at the current level.

**DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS
DIVISION OF EMPLOYMENT SECURITY**

FINANCIAL SUMMARY

	FY 2004 EXPENDITURE	FY 2005 APPROPRIATION	GOVERNOR RECOMMENDS FY 2006
Administration	\$ 24,745,773	\$ 35,416,793	\$ 34,744,108
Special Employment Security Fund	2,306,221	15,238,221	15,132,792
Employment and Training Payments	5,490,190	7,000,000	7,000,000
Board of Unemployment Fund Financing Bond Proceeds	0	0	1
DIVISIONAL TOTAL	\$ 32,542,184	\$ 57,655,014	\$ 56,876,901
PERSONAL SERVICE			
Federal Funds	19,664,503	26,454,268	26,715,938
Special Employment Security Fund	86,453	457,258	461,829
EXPENSE AND EQUIPMENT			
Federal Funds	4,778,301	8,962,525	7,878,170
Special Employment Security Fund	2,219,400	14,780,963	14,669,963
PROGRAM SPECIFIC DISTRIBUTION			
Federal Funds	5,793,159	7,000,000	7,150,000
Special Employment Security Fund	368	0	1,001
TOTAL	\$ 32,542,184	\$ 57,655,014	\$ 56,876,901
Federal Funds	30,235,963	42,416,793	41,744,108
Special Employment Security Fund	2,306,221	15,238,221	15,132,793
Full-time equivalent employees	610.20	732.71	732.71

DIVISION OF EMPLOYMENT SECURITY - ADMINISTRATION

The Division of Employment Security is responsible for determining employer liability, collecting unemployment compensation taxes from Missouri liable employers, paying unemployment benefits to eligible claimants, maintaining wage records of Missouri workers, and investigating cases involving possible fraud and benefit overpayments.

Fiscal Year 2006 Governor's Recommendations

- \$264,514 federal funds for pay plan.
- (\$900,000) federal funds reallocated for information technology resources that will be administered by the Office of Administration.
- (\$34,355) federal funds transferred to the statewide leasing budget.
- (\$2,844) federal funds reallocated to department administration for payment of overtime to nonexempt employees as required by HB 1548 (2004).

SPECIAL EMPLOYMENT SECURITY FUND

The Special Employment Security Fund is derived from interest and penalties collected under the provisions of the Missouri Employment Security Law. Expenditures from this fund are made in accordance with Section 288.310, RSMo, which includes refunds of overcollected interest and penalties and administrative expenses of the division not covered by the federal grant. The fund may also be used to acquire suitable office space for the division. Section 288.128, RSMo, provides for federal interest assessments on Title XII advances to the Unemployment Trust Fund to be deposited into this fund until payment to the federal government is made.

Fiscal Year 2006 Governor's Recommendations

- \$4,571 other funds for pay plan.
- (\$105,000) other funds reallocated for information technology resources that will be administered by the Office of Administration.
- (\$5,000) other funds core reduction from the Fiscal Year 2005 appropriation level.

DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS

DIVISION OF EMPLOYMENT SECURITY (Continued)

EMPLOYMENT AND TRAINING PAYMENTS

The Division of Employment Security operates employment and training programs authorized and funded by the U.S. Department of Labor as authorized by the North American Free Trade Agreement (NAFTA) and the Trade Adjustment Assistance (TAA) programs. The division contracts with the Division of Workforce Development and others to provide a full range of services. Services include referral to employer job openings, job readiness skills training, referral to classroom or employer training, as well as payment of support services such as transportation, subsistence, and relocation allowances.

Fiscal Year 2006 Governor's Recommendations

Continue funding at the current level.

BOARD OF UNEMPLOYMENT FUND FINANCING

The Board of Unemployment Fund Financing has authority to borrow up to \$450 million in credit instruments or financial agreements to fund the Unemployment Compensation Trust Fund in accordance with Sections 288.310, 288.330, and 288.128, RSMo.

Fiscal Year 2006 Governor's Recommendations

- \$1 other funds on an open-ended basis for payment of debt service on outstanding bonds.